

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name Washtenaw County ETCS Group Fund		County Washtenaw	
Fiscal Year End December 31, 2006		Opinion Date March 16, 2007		Date Audit Report Submitted to State June 6, 2007			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

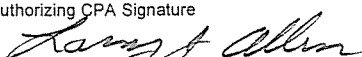
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>		
Other (Describe)		<input checked="" type="checkbox"/>	Internal Control Letter	
Certified Public Accountant (Firm Name) Stewart, Beauvais & Whipple PC			Telephone Number (810) 984-3829	
Street Address 1979 Holland Avenue			City Port Huron	State MI
			Zip 48060	
Authorizing CPA Signature 		Printed Name Larry J. Allen		License Number 1101008117

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND
Ann Arbor, Michigan**

**ANNUAL FINANCIAL REPORT
with Supplementary Information**

FOR THE YEAR ENDED DECEMBER 31, 2006

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS



**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

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INDEPENDENT AUDITOR'S REPORT

To the County Board of Commissioners
Washtenaw County Employment Training
and Community Services Fund
Ann Arbor, Michigan

We have audited the accompanying financial statements of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of December 31, 2006, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Washtenaw County Employment Training and Community Services department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Washtenaw County Employment and Training Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Washtenaw County Employment Training and Community Services Fund and are not intended to present fairly the financial position and the results of operations of Washtenaw County, Michigan, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of December 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report, dated March 16, 2006, on our consideration of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards***, and should be considered in assessing the results of our audit.



Certified Public Accountants

March 16, 2007

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**BALANCE SHEET
DECEMBER 31, 2006**

ASSETS

Assets

Cash	\$ 770,953
Due from grantor agency	477,880
Due from Washtenaw County	102,453
Due from other funds	617,827
Undistributed costs	<u>26,640</u>
Total assets	<u><u>\$ 1,995,753</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Cash overdraft	\$ 765,730
Accrued liabilities	53,123
Due to other funds	617,827
Deferred revenue	<u>193,775</u>
Total liabilities	1,630,455

Fund balance

365,298

**Total liabilities and
fund balance**

\$ 1,995,753

See Notes to Financial Statements

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006**

Revenues

Intergovernmental	\$ 7,796,103
Other revenue	279,905
Total revenues	<u>8,076,008</u>

Expenditures

Social services	<u>8,609,229</u>
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Revenues under expenditures	(533,221)
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Other financing sources

Operating transfers in	<u>295,379</u>
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Revenues and other sources under expenditures	(237,842)
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Fund balance, beginning of year	<u>603,140</u>
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Fund balance, ending of year	<u><u>\$ 365,298</u></u>
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See Notes to Financial Statements

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget	Actual	Actual Over (Under) Budget
Revenues			
Intergovernmental	\$ 7,985,151	\$ 7,796,103	\$ (189,048)
Other revenue	168,820	279,905	111,085
Total revenues	<u>8,153,971</u>	<u>8,076,008</u>	<u>(77,963)</u>
Expenditures			
Social services	<u>8,735,968</u>	<u>8,609,229</u>	<u>(126,739)</u>
Revenues under expenditures	(581,997)	(533,221)	48,776
Other financing sources			
Operating transfers in	<u>341,694</u>	<u>295,379</u>	<u>(46,315)</u>
Revenues and other sources under expenditures	(240,303)	(237,842)	2,461
Fund balance, beginning of year	<u>603,140</u>	<u>603,140</u>	<u>-</u>
Fund balance, ending of year	<u><u>\$ 362,837</u></u>	<u><u>\$ 365,298</u></u>	<u><u>\$ 2,461</u></u>

See Notes to Financial Statements

WASHTENAW COUNTY EMPLOYMENT TRAINING AND COMMUNITY SERVICES FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006

The accounting methods and procedures adopted by the Washtenaw County Employment Training and Community Services Fund conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following Notes to the Financial Statements are an integral part of the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Washtenaw County Employment Training and Community Services Department (the "ETCS Group") is responsible for operating and/or administering various workforce development and community service grant programs for the benefit of eligible residents of Washtenaw County in accordance with the terms and provisions of the related program contracts and regulations.

Reporting Entity - These financial statements present the financial condition and the results of operations of a special revenue fund of Washtenaw County, Michigan (the "County") and are an integral part of that reporting entity. The ETCS Group is not a component unit of Washtenaw County or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

Basis of Accounting - The ETCS Group uses a fund (i.e., a separate accounting entity with self-balancing set of accounts) to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

The ETCS Group is operated as a special revenue fund, a governmental fund type, which is used to account for specific revenue sources that are legally restricted to expenditure for specified purposes. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). The ETCS Group considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Short-Term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between the ETCS Group and Washtenaw County for goods provided, services rendered or the transfer of County appropriations. These receivables and payables are classified as "due from (to) other funds of Washtenaw County" on the balance sheet.

Deferred Revenue - The ETCS Group receives advances for certain grant programs. Deferred revenue is recorded for these programs to the extent that cash receipts exceed expenditures.

Budgetary Accounting - The ETCS Group's special revenue fund is under formal budgetary control and follows the County's annual budget process in establishing the budgetary data presented in the financial statements. The annual fiscal budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America and the requirements of the various grantor agencies.

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 2 - CASH:

The ETCS Group, along with the various other funds and component units of the County of Washtenaw, participates in the County's pooled cash management accounts. At December 31, 2006, the ETCS Fund had a cash balance from the County's cash pool of \$5,223.

Information regarding this cash management pool is presented in the County's comprehensive annual financial report.

NOTE 3 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

The ETCS Group operations are concentrated in programs that are funded by the federal and state governments. These program areas operate in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by both United States and Michigan departments. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 4 - CONTINGENT LIABILITIES:

Grants received by the ETCS Group require the fulfillment of certain conditions as set forth in the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. Although there is a possibility that grant requirements have not been met, the Board deems the contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the granting organization to the provisions of the grant.

NOTE 5 - CONTRACT COMMITMENTS:

The ETCS Group (County) has various contracts with subrecipients (service providers) to provide program services for programs that have different year-ends than December 31, 2006. The total commitments outstanding for these programs at December 31, 2006 are \$2,555,985. There is sufficient grant funding available to cover the commitments.

SUPPLEMENTARY FINANCIAL INFORMATION

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY FINANCIAL INFORMATION**

To the County Board of Commissioners
Washtenaw County Employment Training and
Community Services Fund
Ann Arbor, Michigan

Our report on our audit of the financial statements of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan appears on Page 1. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The statements presented on pages 9-16 are presented for purposes of additional analysis and are not a required part of the financial statements. Also, the Schedule of Expenditures of Federal Awards presented on Pages 21-23 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.


Certified Public Accountants

March 16, 2007

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Trade Act (#2300)	WIA Admin (#2310)	WIA Adult (#2320)	WIA Incumbent (#2330)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ -	\$ 1,453	\$ 98	\$ 10,764
Due from grantor agency	8,407	20,197	14,895	-
Due from Washtenaw County	-	-	-	-
Due from other funds	-	2,960	-	-
Undistributed costs	-	-	-	-
Total assets	\$ 8,407	\$ 24,610	\$ 14,993	\$ 10,764
Liabilities				
Cash overdraft	\$ 7,447	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	960	24,610	13,906	-
Deferred revenue	-	-	1,087	10,764
Total liabilities	8,407	24,610	14,993	10,764
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 8,407	\$ 24,610	\$ 14,993	\$ 10,764
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ 26,002	\$ 235,246	\$ 464,437	\$ 90,679
Other revenue	-	-	-	-
Total revenues	26,002	235,246	464,437	90,679
Expenditures				
Social services	26,002	235,246	464,437	90,679
Revenues under expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	WIA Youth (#2340)	WIA Dislocated (#2350)	Clearing (#2370)	Reemployment (#2380)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ 11,382	\$ -	\$ -	\$ -
Due from grantor agency	3,909	18,459	-	-
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	319,957	-
Undistributed costs	-	-	26,640	-
Total assets	\$ 15,291	\$ 18,459	\$ 346,597	\$ -
Liabilities				
Cash overdraft	\$ -	\$ 5,031	\$ 297,263	\$ -
Accrued liabilities	504	-	49,334	-
Due to other funds	14,787	13,428	-	-
Deferred revenue	-	-	-	-
Total liabilities	15,291	18,459	346,597	-
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 15,291	\$ 18,459	\$ 346,597	\$ -
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ 975,709	\$ 611,540	\$ -	\$ 17,461
Other revenue	-	-	-	-
Total revenues	975,709	611,540	-	17,461
Expenditures				
Social services	975,709	611,540	-	17,461
Revenues under expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Scholarships (#2400)	GFGP (#2410)	Work First (#2420)	One Stop Operations (#2430)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ 36,159	\$ -	\$ -	\$ -
Due from grantor agency	-	-	97,672	1,617
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	-	-
Total assets	\$ 36,159	\$ -	\$ 97,672	\$ 1,617
Liabilities				
Cash overdraft	\$ -	\$ -	\$ 30,912	\$ 1,617
Accrued liabilities	-	-	-	-
Due to other funds	-	-	66,760	-
Deferred revenue	36,159	-	-	-
Total liabilities	36,159	-	97,672	1,617
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 36,159	\$ -	\$ 97,672	\$ 1,617
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ -	\$ 293,911	\$1,451,947	\$ 146,056
Other revenue	-	-	-	-
Total revenues	-	293,911	1,451,947	146,056
Expenditures				
Social services	-	293,911	1,451,947	146,056
Revenues under expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	WIA Incentive (#2440)	Displaced Homemaker (#2450)	Food Stamp Emp/Trng (#2460)	Reed Act Work First (#2480)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ -	\$ 1,553	\$ -	\$ -
Due from grantor agency	-	-	2,538	-
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,553</u>	<u>\$ 2,538</u>	<u>\$ -</u>
Liabilities				
Cash overdraft	\$ -	\$ -	\$ 1,853	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	685	-
Deferred revenue	-	1,553	-	-
Total liabilities	<u>-</u>	<u>1,553</u>	<u>2,538</u>	<u>-</u>
Fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 1,553</u>	<u>\$ 2,538</u>	<u>\$ -</u>
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ 18,470	\$ 35,872	\$ 75,205	\$ 39,792
Other revenue	-	-	-	-
Total revenues	<u>18,470</u>	<u>35,872</u>	<u>75,205</u>	<u>39,792</u>
Expenditures				
Social services	<u>18,470</u>	<u>35,872</u>	<u>75,205</u>	<u>39,792</u>
Revenues under expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Employ Service (#2490)	NPP (#2530)	CSA Clearing (#2580)	Community Services Block Grant (#2600)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ -	\$ 1,978	\$ 55,240	\$ 533,077
Due from grantor agency	41,574	10,333	-	21,182
Due from Washtenaw County	-	-	-	-
Due from other funds	-	7,788	-	44,156
Undistributed costs	-	-	-	-
Total assets	\$ 41,574	\$ 20,099	\$ 55,240	\$ 598,415
Liabilities				
Cash overdraft	\$ 22,279	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	19,295	-	-	232,034
Deferred revenue	-	-	55,240	21,182
Total liabilities	41,574	-	55,240	253,216
Fund balance	-	20,099	-	345,199
Total liabilities and fund balance	\$ 41,574	\$ 20,099	\$ 55,240	\$ 598,415
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ 549,314	\$ -	\$ -	\$ 553,253
Other revenue	-	-	-	-
Total revenues	549,314	-	-	553,253
Expenditures				
Social services	549,314	-	-	857,711
Revenues under expenditures	-	-	-	(304,458)
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	113,031
Revenues and other sources over (under) expenditures	-	-	-	(191,427)
Fund balance, beginning	-	20,099	-	536,626
Fund balance, ending	\$ -	\$ 20,099	\$ -	\$ 345,199

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	Summer Food (#2620)	Senior Nutrition (#2630)	Foster Grandparent (#2650)	Emergency Services (#2680)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ -	\$ 57,144	\$ -	\$ 59,812
Due from grantor agency	-	24,903	-	27,407
Due from Washtenaw County	-	-	-	-
Due from other funds	1,596	-	121,038	3,300
Undistributed costs	-	-	-	-
Total assets	\$ 1,596	\$ 82,047	\$ 121,038	\$ 90,519
Liabilities				
Cash overdraft	\$ 1,596	\$ -	\$ 90,890	\$ -
Accrued liabilities	-	-	3,285	-
Due to other funds	-	82,047	26,863	73,060
Deferred revenue	-	-	-	17,459
Total liabilities	1,596	82,047	121,038	90,519
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 1,596	\$ 82,047	\$ 121,038	\$ 90,519
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ 111,086	\$ 725,069	\$ 312,621	\$ 355,868
Other revenue	-	238,678	21,342	7,394
Total revenues	111,086	963,747	333,963	363,262
Expenditures				
Social services	111,086	1,016,805	386,981	485,849
Revenues under expenditures	-	(53,058)	(53,018)	(122,587)
Other financing sources (uses)				
Operating transfers in (out)	-	53,058	53,018	122,587
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

	TEFAP (#2690)	Home Repair and Weatherize (#2700)	Maximus (#2710)	Hurricane Katrina (#2750)
COMBINING BALANCE SHEET - (by program)				
December 31, 2006				
Assets				
Cash	\$ 833	\$ -	\$ 1,360	\$ 100
Due from grantor agency	2,677	181,745	365	-
Due from Washtenaw County	-	102,453	-	-
Due from other funds	-	117,032	-	-
Undistributed costs	-	-	-	-
Total assets	\$ 3,510	\$ 401,230	\$ 1,725	\$ 100
Liabilities				
Cash overdraft	\$ -	\$ 306,842	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	3,510	44,057	1,725	100
Deferred revenue	-	50,331	-	-
Total liabilities	3,510	401,230	1,725	100
Fund balance	-	-	-	-
Total liabilities and fund balance	\$ 3,510	\$ 401,230	\$ 1,725	\$ 100
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - (by program)				
For the Year Ended December 31, 2006				
Revenues				
Intergovernmental	\$ 17,319	\$ 689,246	\$ -	\$ -
Other revenue	-	-	12,491	-
Total revenues	17,319	689,246	12,491	-
Expenditures				
Social services	17,319	689,246	12,491	100
Revenues under expenditures	-	-	-	(100)
Other financing sources (uses)				
Operating transfers in (out)	-	(46,315)	-	-
Revenues and other sources over (under) expenditures	-	(46,315)	-	(100)
Fund balance, beginning	-	46,315	-	100
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**WASHTENAW COUNTY
EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

COMBINING BALANCE SHEET - (by program)

December 31, 2006

	Total
Assets	
Cash	\$ 770,953
Due from grantor agency	477,880
Due from Washtenaw County	102,453
Due from other funds	617,827
Undistributed costs	<u>26,640</u>
Total assets	<u><u>\$1,995,753</u></u>
Liabilities	
Cash overdraft	\$ 765,730
Accrued liabilities	53,123
Due to other funds	617,827
Deferred revenue	<u>193,775</u>
Total liabilities	1,630,455
Fund balance	<u>365,298</u>
Total liabilities and fund balance	<u><u>\$1,995,753</u></u>

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (by program)
For the Year Ended December 31, 2006**

Revenues	
Intergovernmental	\$7,796,103
Other revenue	<u>279,905</u>
Total revenues	8,076,008
Expenditures	
Social services	<u>8,609,229</u>
Revenues under expenditures	(533,221)
Other financing sources (uses)	
Operating transfers in (out)	<u>295,379</u>
Revenues and other sources over (under) expenditures	(237,842)
Fund balance, beginning	<u>603,140</u>
Fund balance, ending	<u><u>\$ 365,298</u></u>

**SUPPLEMENTARY INFORMATION
ON FEDERAL AWARDS**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the County Board of Commissioners of
Washtenaw County Employment Training and Community Services Fund
Ann Arbor, Michigan

We have audited the financial statements of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of and for the year ended December 31, 2006, and have issued our report thereon dated March 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washtenaw County Employment Training and Community Services Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Washtenaw County Employment Training and Community Services Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Washtenaw County Employment Training and Community Services Fund's financial statements that is more than inconsequential will not be prevented or detected by the Washtenaw County Employment Training and Community Services Fund's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Washtenaw County Employment Training and Community Services Fund's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washtenaw County Employment Training and Community Services Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective or our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the County Board of Commissioners, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

March 16, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Board of Commissioners
Washtenaw County Employment Training and
Community Services Fund
Ann Arbor, Michigan

Compliance

We have audited the compliance of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2006. Washtenaw County Employment Training and Community Services Fund's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Washtenaw County Employment Training and Community Services Fund's administration. Our responsibility is to express an opinion on Washtenaw County Employment Training and Community Services Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washtenaw County Employment Training and Community Services Fund's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Washtenaw County Employment Training and Community Services Fund's compliance with those requirements.

In our opinion, the Washtenaw County Employment Training and Community Services Fund complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Washtenaw County Employment Training and Community Services Fund is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Washtenaw County Employment Training and Community Services Fund's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies or material weaknesses. A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not identify any deficiencies in internal control that we consider to be material weakness, as defined above.

This report is intended solely for the information of the audit committee, management, the County Board of Commissioners, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

March 16, 2007

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE	Catalogue of Federal Domestic Assistance	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Area Agency on Aging 1-B - Food Distribution - Senior Nutrition Program	10.550	<u>\$ 112,637</u>
Passed through Michigan Department of Labor and Economic Growth - State Administration Matching Grants for Food Stamp Program	10.561	<u>75,205</u>
Passed through Michigan Department of Education: Summer Food Service Program for Children	10.559	111,086
Emergency Food Assistance Program: Commodities	10.568	29,561
Administration	10.568	<u>17,319</u>
		<u>157,966</u>
Total U.S. Department of Agriculture		<u>345,808</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through Washtenaw County Planning Department - Community Development Block Grants	14.228	182,484
Passed through Washtenaw HOME Consortium - Home Investment Partnership Program	14.239	<u>40,015</u>
Total U.S. Department of Housing and Urban Development		<u>222,499</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE	Catalogue of Federal Domestic Assistance	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR		
Passed through Michigan Department of Labor and Economic Growth:		
Employment Services	17.207	549,314
Reemployment Services Initiative	17.207	17,461
Reed Act Distribution - Work First	17.225	39,792
Trade Adjustment Assistance	17.245	26,002
Workforce Investment Act:		
Adult Programs	17.258	585,625
Youth Activities	17.259	1,162,716
Dislocated Workers	17.260	793,796
Dislocated Workers - Displaced Homemakers	17.260	<u>35,872</u>
Total U.S. Department of Labor		<u>3,210,578</u>
U.S. DEPARTMENT OF ENERGY		
Passed through Michigan Department of Human Services:		
Weatherization Assistance for Low-Income Persons	81.042	<u>383,746</u>
Total U.S. Department of Energy		<u>383,746</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND
COMMUNITY SERVICES FUND**

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE	Catalogue of Federal Domestic Assistance	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Area Agency on Aging 1-B - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	<u>411,246</u>
Passed through Michigan Department of Human Services:		
Low-Income Home Energy Assistance	93.568	83,001
Low-Income Home Energy Assistance - Crisis Assistance	93.568	11,108
Community Services Block Grant	93.569	<u>548,137</u>
		<u>642,246</u>
Passed through Michigan Department of Labor and Economic Growth:		
Temporary Assistance for Needy Families	93.558	<u>1,451,947</u>
Passed through Michigan Department of Human Services:		
Temporary Assistance for Needy Families	93.558	<u>76,036</u>
Total U.S. Department of Health and Human Services		<u>2,581,475</u>
CORPORATION FOR NATIONAL SERVICE		
Direct Program - Foster Grandparent Program	94.011	<u>300,879</u>
Total Corporation for national Service		<u>300,879</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 7,044,985</u></u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Washtenaw County Employment Training and Community Services Fund and is presented on the same basis of accounting as the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

For the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Washtenaw County Employment Training and Community Services Fund provided federal awards to subrecipients as follows:

<u>Program</u>	<u>Amount</u>
Employment Services	\$ 390,986
Food Stamp Program Emp/Trng	72,976
Reed Act and Temporary Assistance to Needy Families TANF	1,127,706
Workforce Investment Act	1,253,288

NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

The following schedule reconciles the intergovernmental revenue reported on the December 31, 2006 financial statements to the federal award expenditures reported in the Schedule of Expenditures of Federal Awards:

Revenue per Financial Statements –	
Intergovernmental	\$ 7,796,103
Less – State	<u>751,118</u>
Total Federal Award Expenditures	<u>\$ 7,044,985</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING
AND COMMUNITY SERVICES FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section I – Summary Of Auditor’s Results:

Financial Statements

Type of auditor’s report issued: Unqualified

Internal controls over financial reporting:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes x no

Reportable condition(s) identified not considered to be material weaknesses? _____ yes x none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? _____ yes x no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster/Grants/State Programs</u>
CFDA # 17.258/259/260	Workforce Investment Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes _____ no

Section II – Financial Statement Findings:

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs:

There were no Federal Award Findings and Questioned Costs required to be reported in accordance with Section 510(a) of Circular A-133.

Section IV – Previous Year Findings:

There were no financial statement findings or Federal Award Findings and Questioned Costs in the previous year.